



A Comparative Study of Leadership Styles of Top Management Teams in Japan and India

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ABSTRACT

Governments all over the world have bestowed upon business corporations the blessings of potentially perpetual life and limited liability as economic institutions. In return the business corporations take on the responsibility of bringing about sustainable socio-economic development for the nation. The question that needs to be answered is - Who will build and strengthen these business corporations? The answer to that is the leader, or the CEO (Hay Group research).

This paper discusses the leadership styles of CEO's and top management teams in India and Japan.

KEYWORDS : Leadership, India, Japan, Efficiency

INTRODUCTION:

"I believed in it (internet) and thought it was obviously going to change the way the world worked. I really did not understand why others were selling their stock. As stock prices plunged, I just bought them, one after another, since I had the money.

I guess I was rather lucky" -CEO of Livedoor, Japan

"The task of a successful CEO is to motivate his internal team and successfully meet with external competitive pressure through innovation and efficiency" - Prime Minister of India

Leadership is a comparatively elusive concept because it includes approaches, traits and styles, which involve relationship between superior and subordinate. Briefly, leadership is about a vision of the future and the ability to boost others to track it (Quinn, 2005). It is a process by which a person influences others to accomplish an objective and directs an organisation in a way that makes it more cohesive and coherent. Leaders carry out this process by applying their leadership attributes such as beliefs, values, ethics, character, knowledge and skill. However societal and cultural settings play a vital role that may influence leadership behaviours and effectiveness. With organisations getting more and more global, work force and management teams are getting diverse culturally, ethnically and internationally. Hence, the understanding of leadership behaviours in different cultures is gaining importance in recent times.

LEADERSHIP IN FOCUS: THE CULTURAL AND BEHAVIOURAL PERSPECTIVE

Several studies have been conducted on leadership behaviours in different cultures (Dorfman et al., 1997; Rao et al., 1997) and cross culture leadership issues (Hunt and Peterson 1997). According to Lord and Maher (1991), the perception of leadership plays a very important role in influencing not only leadership behaviours, but also conceptions of leadership effectiveness. Most notably Hofstede's (1980, 1991) cultural dimensions can be conceptually linked to leadership perception and behaviours in different cultures. This report compares and contrasts the leadership styles of Chief executive officers (henceforth CEOs) and Top Management Teams (henceforth TMTs) in India and Japan based upon such cultural dimensions, leadership traits, personality dimensions, profiles and other influencing factors.

Leadership styles arise from leadership behaviours and effectiveness, which are influenced by how leadership is influenced by other social players, such as peers, superiors, followers or subordinates. Further, Yan and Hunt (2005) were successful in integrating this with culture dimensions of Hofstede to come up with a cross cultural perspective of good or effective leaders as seen in Figure 1.

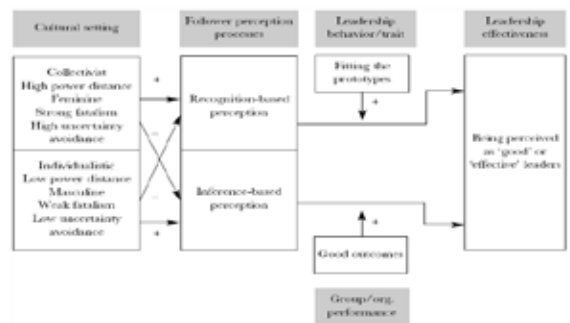


Figure 1: Cross cultural perspective of good or effective leaders. (Yan and Hunt 2005)

CULTURAL DIMENSIONS OF JAPAN AND INDIA

The five dimensions of culture developed by Hofstede (1991) contribute significantly in understanding the association of cultural features with leadership. These dimensions - Power Distance (PDI) refers to the way in which societies handle the problem of human inequality, Uncertainty Avoidance (UAI) referring to degree to which people feel comfortable with uncertainty and ambiguity, Individualism (IDV) versus Collectivism measures the degree to which individuals are integrated into groups, Masculinity (MAS) referring to aggressive and materialistic behaviour, and Long Term Orientation (LTO) versus short term orientation. The comparative study of Japanese and Indian culture is represented in Figure 2 along with the world averages.

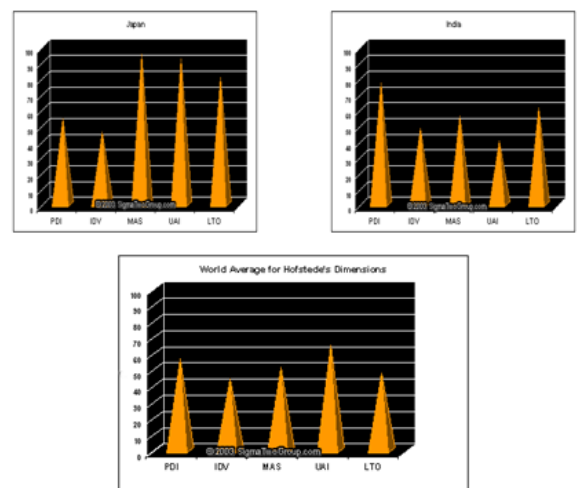


Figure 2: Comparative Hofstede's cultural dimensions of Japan, India and the world. (Retrieved from www.Geert-hofstede.com)

From these culture dimensions, India's PDI score indicates a high level of inequality of power and wealth with in the society while the Japanese PDI indicates an alignment with the world average. The striking characteristic of the Japanese culture dimension is the high uncertainty avoidance, high masculinity and high long term orientation which contrasts the low Indian dimensions as seen in Fig 2 and Table 1. Both India's Long Term orientation (LTO) represents a culture indication that is perseverant and parsimonious. These key differences of the cultural dimension have a significant impact on the leadership styles of CEO's and Top Management Teams in the two countries as discussed further.

| Dimensions/Country | Japan | India |
|--------------------|---------|---------|
| PDI | High-50 | High-72 |
| IDV | High-89 | Low-38 |
| MAS | Low-42 | Low-41 |
| UAI | High-90 | High-51 |
| LTO | High-77 | High-58 |

Table 1. Matrix of average scores of cultural dimensions Vs country

Personality Traits that Matter

Personality plays a key role in defining the leadership style of CEO's. However, the impact of the cultural dimensions on personality cannot be ignored. Based on the major advances on personality testing of leaders over the years, the research paper presented by Lewis (2006) for Personal Decision International (PDI) revealed that personality in general could be collapsed into five broad dimensions known as the "Big Five" personality model. The five personality traits namely extroversion, openness, conscientiousness, agreeableness and emotional balances are key traits of leaders around the world. The big five factors, with brief definitions, are included in Table 2.

| | At one end of continuum | At the other |
|-------------------|--|--|
| Extroversion | Process data with others Solves problems by talking | Avoids stimulation when Thinking, Prefers to work individually |
| Openness | Seeks experiences Open to new thinking | Avoids change Prefers status quo |
| Conscientiousness | Diligent focus on goals Values duty | Spontaneous and flexible Adapts to changing demands |
| Agreeableness | Seeks harmony Puts group needs above individual | Not concerned about appropriateness Puts individual needs first |
| Emotional Balance | Feels emotions strongly Emotions change quickly | Muted emotional feelings Intellectualizes problems |

Table 2. Brief description of the Big Five personality dimensions. Ref: Lewis, 2006

However, two of the Big Five personality dimensions (Agreeableness and Emotional Balance) reliably distinguish among countries, particularly in Japan and India, as shown in Fig.3.

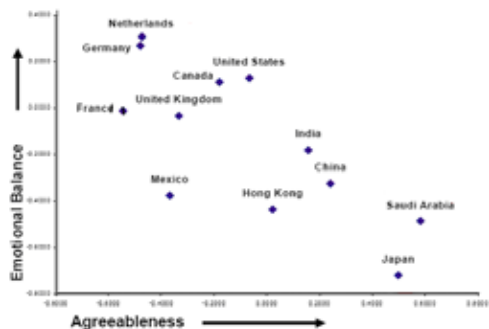


Figure 3. Average country scores on the personality traits that matter globally. (Ref: Lewis, 2013)

These personality trait differences in different countries lay foundations for different leadership behaviours in different countries. The competencies that define a leader can be grouped under three broad dimensions (Lewis, 2006) namely Fundamental Leadership behaviours referring sound judgment and adaptability etc., Result Oriented Behaviours concerning champion change and establishing plans, and Business Know- How behaviours regarding using technical skill and knowing the business, which give an indication of the work performance of the CEO's.

Average scores on each of these dimensions for different countries are shown in Figure4. It can be noted that in Japan, Fundamental and Business know-How leadership styles are moderately valued while great value is placed on Results-oriented leadership. However, in India, a very clear and ordered preference is found for Business Know-How over Results-oriented leadership, which is much valued over a Fundamental leadership style.

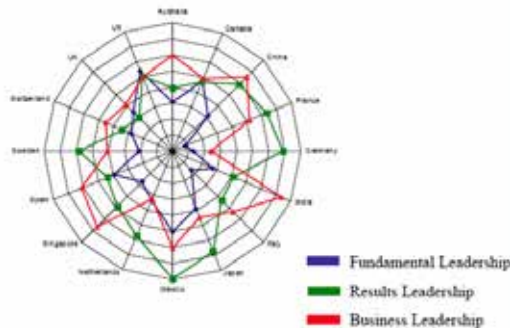


Figure 4. Leadership dimensions by country. (Lewis, 2013)

The Japanese CEO

Japanese CEOs are often chosen either from the family which owns the business or from among the senior most managers in the company. CEOs are demanded of continual work and are assessed by their in-company performance record, albeit it is a vitally flawed approach (Nezu, 2003).

In small parent start-up companies CEOs sometimes play the role of a sales manager and as a good team builder. They succeed in commission and performance-based rewards, while in large parent small start-up company CEO's personality requires substantial independent work experience, less commission-oriented, reducing the risk and making sure the customer service are properly designed to match market needs. In large parent enterprise, CEO is expected to generate famous brand image in existing industry (Lloyd, 2006).

Japanese CEOs' personality traits generate high level of employees' extroversion (Carraher. et al, 2006). There is a high dominance of face-to-face communication between employees and employees to employers, which suggests that a high degree of honesty and openness (Stewart, 1982). The conscientiousness management styles can be observed in the Total Quality Management (TQM) where every single aspect from product to employee to environment is considered before decisions are made. (Plenert, 1995). All of these mentioned above lead to a quite agreeable environment (Vinten, 2000) and the result leadership represented by constantly analysing situations and promoting thoughts and changes for the better, and quite efficient planning via open communication. Today's Japanese CEOs pay more attention to teamwork and relationship building. They rejuvenate their companies by encouraging a broad range participation of people. They increase their involvement in setting their own schedules and in spending more time on human resource development. (Shimizu, 2005)

Japanese's Top Management Teams Group structure Keiretsu and banks' participation

As indicated from Japanese's culture, Japan is incorporated with government, banks and other institutions co-operating. There is pointed

and almost direct co-operation and team work by those at the top (Manfred, 1995). Japanese banks and keiretsu relations have played an essential role in Japanese firm's governance. Japanese banks not only provide funds but held significant shares of their major clients. And banks always send their senior executives to be directors at firms. Thus, the top management teams in Japan can access to very talented and well-informed executives so that they can get financial resource.

Keiretsu relations is often involved the cross-holding of shares and provide business support. Therefore, the real authority lies in the board of directors in Japanese firms. On the other hand, some large corporations also dispatch top management team members in affiliated companies that generates stable board structure in Japan and support the objectives of top management (Roblyn, 2001)

Stake Holder Influence

Due to keiretsu's influence, the link between shareholder and corporation becomes weak in Japan. (Simeon, 2001)

Management practice—silence, adherence, even evasiveness

The style of management in Japanese enterprises would be strongly authoritarian and paternalism (Manfred, 1995), which is consistent with Hofstede's High PDI scores. Managers are exhibiting more controlling behaviours.

On the other hand, employers are expected to extremely conform to orders, behave according to norms and adhere to the collective will of the group. For saving face, sometimes evasiveness works. Relationships are expected to be more distant, hierarchically ordered and reserved.

Excellence in Execution

Japanese human resources management integrates within labour market practice to emphasise job security, job training, employee participation and team work because of highly bureaucratic system. (Yang, 1994)

Executive maturity

Despite the cooperation between a corporation and stake holder mentioned above seems bringing stability, it has prepared for long term recession, financial scandals, bank failures, and pressure from abroad to establish governance practice. (Simeon, 2001)

The Indian CEO

In the Indian scenario, one of the most important criteria to be a CEO in an established organization is to be qualified and competent, with proven experience over the period of years. There are companies where sons take over business from the fathers; nevertheless their competence must be proven. Leaders such as the Ambani Brothers, Kumaramangalam Birla and Ratan Tata are testimonials to the above stated fact. However, in several organizations and multinational companies this most coveted post is for the highly competent person. India, being a multicultural country the leaders adopt customized styles to suit the local culture (Deresky, 2006). Jagdeep Chokker (2001) sums up the Indian CEO and leadership saying "The most effective leadership style in India would thus combine integrity, being organized, an action orientation, being self starter, charisma, and a collective orientation; with being a problem solver, a visionary, entrepreneurial, and inspirational in that order."

The Hay group has conducted a research on the Indian leaders and suggested the keys to outstanding Indian leadership of the time as shown in figure 5.

INDIAN TOP MANAGEMENT TEAMS

Most of the Indian companies take pride in a TMT which constitutes the founding members. Seven software professionals founded Infosys in 1981 with the goals of leveraging sweat equity and creating wealth legally and ethically in India (Business World 1998). While some in today's TMT of Infosys belong to the original team, others are promoted into the team because of their long time loyalty (Infosys website).



Figure 5: The keys for competence in Indian Leadership, taken from the Hay Group report

This is different however in the multinationals where the top management team is either the expatriate expert team or a mixture of them and the local experts in the respective field. With the popular influence of the American leadership in the Indian market, the Hofstede's dimensions are not applicable in every context in India (Deresky, 2006).

Conclusion

Since leadership and motivation involve interactions and relationships, cultural influences on these critical management functions are very strong. Certainly other powerful variables are intricately involved in the management context, especially the economic and political situations. Both in India and Japan, effective leaders should become more flexible, carefully examine the entire context and develop sensitivity to values and expectations regarding personal and group interactions, performance and outcomes and then act accordingly (Deresky, 2006 & Hay group report).

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